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Annual review of the labour market, 2016

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- not available for any reference period
- .. not available for a specific reference period
- ... not applicable
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- 0^{*} value rounded to 0 (zero) where there is a meaningful distinction between true zero and the value that was rounded
- ^P preliminary
- ^r revised
- x suppressed to meet the confidentiality requirements of the *Statistics Act*
- ^E use with caution
- ^F too unreliable to be published
- * significantly different from reference category ($p < 0.05$)

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Annual review of the labour market, 2016

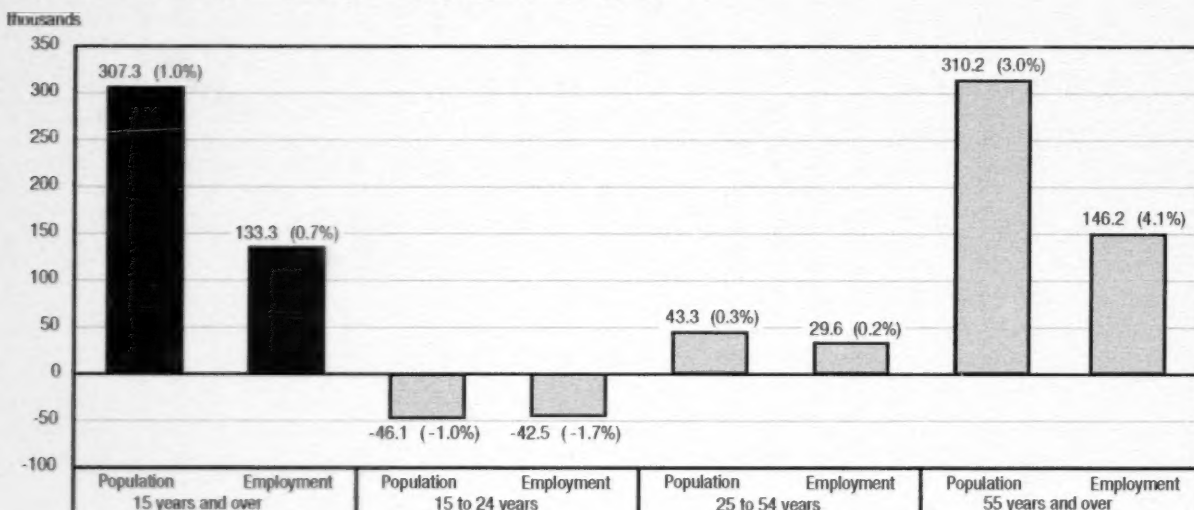
This article analyses the labour market in 2016 using a combination of major labour market indicators from different sources. Most of the focus is on national trends and key provincial changes. The Labour Force Survey (LFS) is used primarily for data on unemployment and employment characteristics for demographic groups. The Survey of Employment, Payrolls and Hours (SEPH) is used for employment by industrial sector as well as average weekly earnings and hours. Labour market indicators are also used from the Job Vacancy and Wage Survey (JVWS) and from Employment Insurance statistics (EI).

Using the annual data, employment grew by 133,000 (+0.7%) in 2016, similar to the growth observed in 2015 (+144,000 or 0.8%).¹ Employment growth was slow for most of 2016, before strengthening toward the end of the year. Growth in employment at the end of 2016 coincided with stronger economic activity in the second half of the year, as real gross domestic product (GDP) rose 0.9% and 0.6% in the third and fourth quarters.²

The unemployment rate was 7.0% in 2016, little changed compared with 2015 (+0.1 percentage points).³ The unemployment rate has hovered around this level since 2013.

Employment growth fastest among people 55 and older

Chart 1
Population and employment growth rate by age group, Canada, 2016



Source: Statistics Canada, Labour Force Survey, CANSIM table 282-0002.

People 55 and older had the fastest annual rate of employment growth in 2016 (+146,000 or +4.1%).⁴ This reflects population shifts related to the baby-boomer cohort, which began transitioning into the 55 and over age group around the turn of the 21st century. Both the population and employment growth rates for people 55 and older have exceeded the national growth rates since 1996. People 55 and older comprised about 21% of the total labour force in 2016, up from about 10% in the 1990s.

1. Labour force survey estimates (LFS), by sex and detailed age group, annual (CANSIM table 282-0002). These figures are calculated using the annual average for employment level for the calendar year.

2. For more information, see Gross domestic product, income and expenditure, fourth quarter 2016.

3. Labour force survey estimates (LFS), by sex and detailed age group, annual (CANSIM table 282-0002). These figures are calculated using annual averages for the calendar year.

4. Ibid.

The employment rate for people 55 and older rose to 35.5% in 2016—its highest level since comparable data became available in 1976. Employment rates vary markedly within this group, with people aged 55 to 59 working at a rate of 70.9% and people aged 60 to 64 working at a rate of 51.0%, before declining to 24.9% for those 65 to 69 and 7.0% for those aged 70 and over.

Among people 55 and older, women had the largest employment increase in 2016, up 90,000 (+5.6%) compared with 57,000 (+2.8%) for men. The unemployment rate for men in this group rose 0.5 percentage points to 6.7%, as employment grew at a slower pace than their labour force. Among women aged 55 and older, the unemployment rate remained at 5.2% as both the labour force and employment for this group grew at the same pace.

Core-aged employment virtually unchanged

In 2016, employment among the core-aged group (aged 25 to 54) was virtually unchanged (+30,000 or +0.2%). This partly reflects their low population growth rate (+0.3%). Employment for women in this age group increased slightly (+34,000 +0.6%), while there was no increase among men. The employment rate for the core-aged group was unchanged at 81.4%.

The unemployment rate for the core-aged group rose 0.2 percentage points to 6.0% in 2016. For men, it rose 0.3 percentage points to 6.5%, while the unemployment rate for women remained unchanged for women at 5.4%.

Youth employment and population on downward trend

In contrast, employment among youth aged 15 to 24 declined (-43,000 or -1.7%) in 2016, which coincides with a decline in the size of the youth population. The employment declines among youth were spread across both young men and women. The youth population has declined each year since 2013. As employment declined at a greater rate than their population, the youth employment rate fell 0.4 percentage points to 55.4% in 2016. They comprised 14.4% of the labour force in 2016, the lowest rate since comparable LFS data became available in 1976.

The unemployment rate for youths in 2016 was relatively unchanged at 13.1%. Among young men aged 15 to 24, the unemployment rate declined slightly (-0.2 percentage points) to 14.8%, while it was unchanged at 11.3% for young women in this age group.

More youth working multiple jobs

The proportion of employed people who worked multiple jobs in 2016 was 5.5%, a slight increase from the previous year (+0.2 percentage points), and the highest on record using comparable data that began in 1987.⁵

Youth aged 15 to 24 were most likely to work multiple jobs, at a rate of 7.2%, up 0.6 percentage points from 2015. Among people aged 25 to 54, 5.6% worked multiple jobs, while people 55 and older were least likely to work multiple jobs, at a rate of 4.3%. Both these rates were virtually unchanged compared with the previous year.

Job permanency relatively steady

In 2016, 86.7% of employees had permanent positions; that is, a position with no pre-determined termination date.⁶ Non-permanent jobs include term or contract, seasonal, casual and other temporary jobs. The rate of job permanency has been relatively unchanged since 2010.

Core-aged workers were most likely to have a permanent job (90.1%), while youth were least likely (69.3%). Among people 55 and older, 89.2% had permanent positions.

5. Labour force survey estimates (LFS), multiple jobholders by North American Industry Classification System (NAICS), sex and age group, annual (CANSIM table 282-0031).

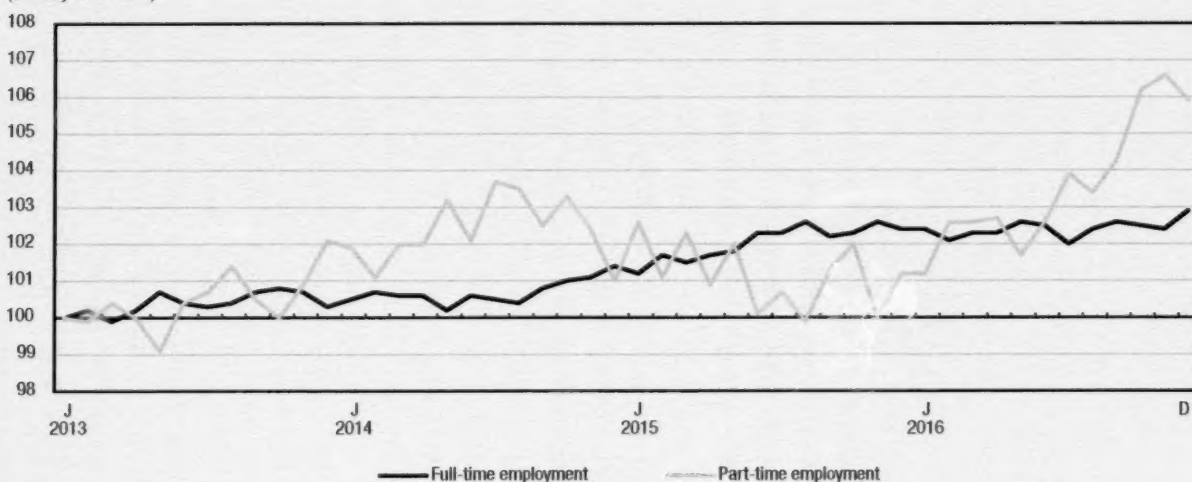
6. Labour force survey estimates (LFS), employees by job permanency, North American Industry Classification System (NAICS), sex and age group, annual (CANSIM table 282-0080).

Part-time gains exceed full-time

Part-time employment accounted for most of the annual growth in 2016, up 80,000 (+2.4%).⁷ This exceeded the increase of 53,000 (+0.4%) in full-time employment. Part-time employment consists of persons who usually work less than 30 hours per week at their main or only job. The last time part-time employment gains exceeded those of full-time was in 2009.

Chart 2
Part-time and full-time employment

index
(January 2013=100)



Source: Statistics Canada, Labour Force Survey, CANSIM table 282-0087.

Part-time gains were spread across both services and goods-producing sectors, with the largest increase in information, culture and recreation (+17,000 or +8.1%); business, building and other support services (+13,000 or +7.2%); and health care and social assistance (+10,000 or +1.9%).⁸

Part-time gains were spread across most provinces, with notable increases in British Columbia (+35,000 or +7.2%) as well as Alberta (+32,000 or +8.1%).

People 55 and older accounted for most of the part-time employment increase (+74,000 or +9.5%). Part-time also rose among men in the core-aged group (+21,000 or +6.1%). At the same time, fewer youths aged 15 to 24 were working part-time (-13,000 or -1.1%) and part-time employment for core-aged women was little changed.

Full-time employment down in Alberta and among men

The slow growth in full-time employment was mostly due to declines in the goods-producing sector, which partly offset modest full-time growth in the services-producing sector. The largest declines in full-time work were in natural resources (-30,000 or -8.9%) and manufacturing (-22,000 or -1.3%).

In 2016, the number of people working full-time declined by 69,000 (-3.6%) in Alberta—the largest annual decline for full-time employment in this province since comparable data from the LFS became available in 1976. This decrease is in contrast to the average annual full-time growth rate of 2.5% observed over the preceding 10 years and coincides with changes in economic conditions in the province since oil prices began to fall midway through 2014.

7. Labour force survey estimates (LFS), by sex and detailed age group, annual (CANSIM table 282-0002).

8. Labour force survey estimates (LFS), by North American Industry Classification System (NAICS), sex and age group, annual (CANSIM table 282-0008).

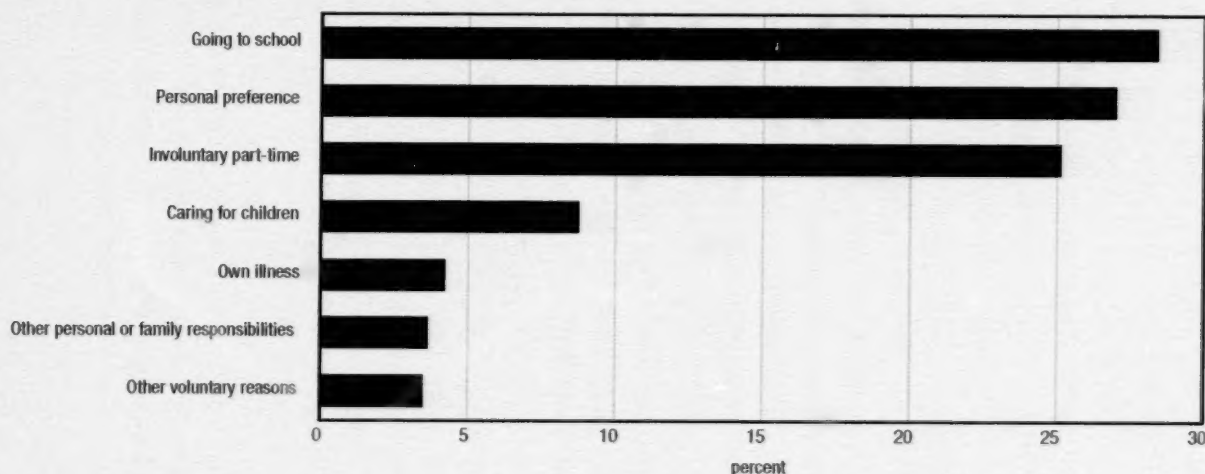
The only provinces with increases in full-time employment were Ontario (+54,000 or +1.0%), Quebec (+54,000 or +1.6%) and British Columbia (+39,000 or +2.1%). Excluding Alberta, total full-time employment growth in 2016 would have been up an estimated 122,000 (+1.0%).

At the Canada level, the largest declines in full-time work were among men; particularly those in the core working age group (-25,000 or -0.4%) as well as young men aged 15 to 24 (-19,000 or -2.6%). On the other hand, there were 72,000 (+2.5%) more people 55 and older working full-time, and 35,000 (+0.8%) more core-aged women working full-time.

Most who work part-time do so because of school or personal preference

Despite more people working part-time in 2016, the proportion of those doing so involuntarily—who would prefer full-time work—declined from 26.2% in 2015 to 25.0% in 2016.⁹ The most common reasons people worked part-time was because they were attending school (28.3%) or because of personal preference (26.9%). Other reasons include caring for children or because of own illness.

Chart 3
Proportion of part-time workers by reason for part-time work, 2016



Source: Statistics Canada, Labour Force Survey, CANSIM table 282-0014.

In 2016, the number of people reporting that they were working part time involuntarily declined notably in Ontario and Quebec. In contrast, there was an increase in involuntary part-time workers in Alberta, coinciding with large declines in full-time employment and higher unemployment in the province. The proportion of people working part-time involuntarily in Alberta rose from 20.2% in 2015 to 26.8% in 2016. Whereas in recent years, Alberta has typically had a lower proportion of involuntary part-time workers compared with the national average, their rate is now higher. Involuntary part-time employment tends to increase in times of slow economic growth, or during a recession, as those who face the prospect of unemployment often have no choice but to accept part-time positions.¹⁰

Payroll employment by detailed industry

Both of Statistics Canada's monthly surveys with data on employment: the Survey of Employment, Payrolls and Hours (SEPH) and the Labour Force Survey (LFS), showed similar trends overall for 2016. While there are

9. Labour force survey estimates (LFS), part-time employment by reason for part-time work, sex and age group, annual (CANSIM table 282-0014). The term 'involuntary part-time' refers to respondents who work part-time because they could not find work with 30 or more hours or due to business conditions, whether or not they looked for full-time work. This is the most widely inclusive and used definition of involuntary part-time workers.

10. *Perspectives on Labour and Income*, autumn 1994, vol. 6, no. 3 (Statistics Canada, Catalogue 75-001E).

conceptual differences between SEPH and LFS (the former excludes self-employed as well as agricultural workers, and counts the number of payroll jobs rather than unique persons), SEPH provides more detailed industry-level estimates of payroll employment, as well as average weekly earnings and hours. The source of SEPH is a census of administrative records from the Canadian Revenue Agency supplemented with data from the Business Payroll Survey.

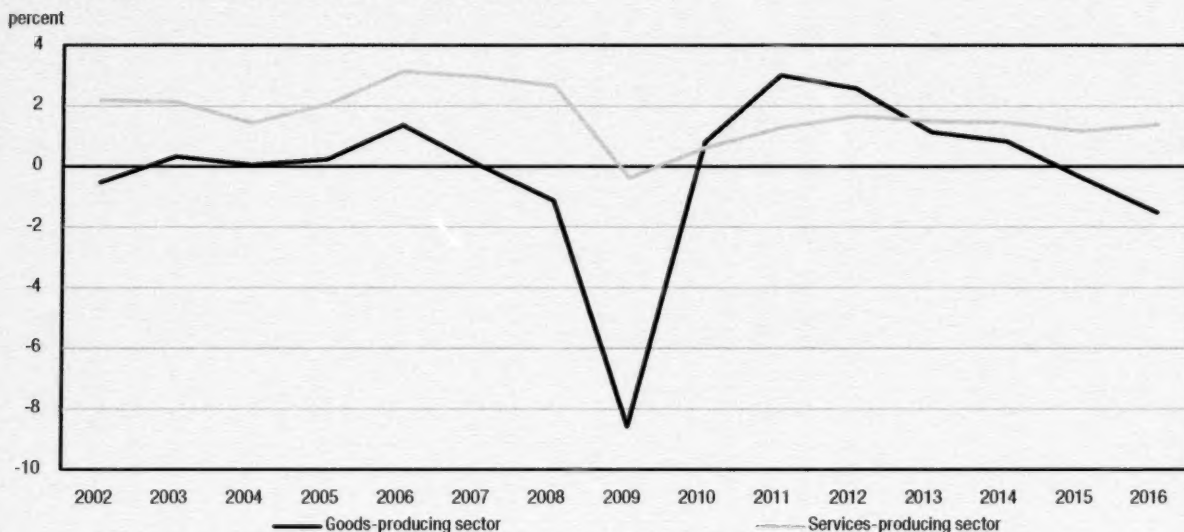
Based on annual SEPH data, the total number payroll jobs increased by 169,800 (+1.1%) in 2016.¹¹

Payroll employment growth mostly in services-producing sectors

Virtually all of the employment growth in 2016 was in services-producing sectors, which rose at an annual rate of 1.4% and accounted for 175,900 more payroll jobs. At the same time, payroll employment in goods-producing sectors fell by 43,500 (-1.5%) and employment among unclassified businesses rose 37,500 (+14.2%).¹²

Payroll employment growth in services-producing sectors has typically outpaced goods-producing sectors over the past decade, except for a brief period between 2010 and 2012, when goods-producing sectors increased at a faster rate, due mostly to increases in natural resources and construction. However, since 2013, services-producing sectors had a relatively steady rate of growth, while employment in the goods-producing sector has trended downward.

Chart 4
Payroll employment growth rate by sector, 2002 to 2016



Source: Statistics Canada, Survey of Employment, Payrolls and Hours, CANSIM table 281-0024.

In 2016, the sectors with the highest employment growth were health care and social assistance, accommodation and food services, public administration, and educational services.

The number of payroll employees in health care and social assistance rose by 59,500 (+3.3%), mostly in general medical and surgical hospitals (+14,200 or +2.6%) as well as in nursing care facilities (+12,900 or +7.3%). Health care and social assistance was the second largest employer sector in 2016, after retail trade. It has been the second largest for the past eight years, after eclipsing manufacturing. In total, health care and social assistance had 1.9 million payroll employees in 2016, accounting for about 12% of all employees. Increases in this sector over the past decade reflect a number of factors, including population aging.

11. Survey of Employment, Payrolls and Hours (SEPH), employment by type of employee and detailed North American Industry Classification System (NAICS), annual (CANSIM table 281-0024).

12. Unclassified businesses are businesses for which the industrial classification (North American Industry Classification System [NAICS] 2012) has yet to be determined.

Employment in accommodation and food services increased by 33,500 (+2.7%) in 2016. The gains were almost entirely in full-service restaurants and limited-serving eating places, while there was little change in other sub-sectors such as traveller accommodation. The rate of employment growth in the accommodation and food services sector has exceeded the national average each year since 2011. In total, this sector had 1.3 million employees in 2016.

There were more payroll employees in public administration in 2016, rising by 20,600 (2.0%). This increase follows a downward trend observed since 2012. There was growth in most sub-sectors, with the largest gains in local, municipal and regional public administration (+8,000 or +1.9%) and federal government public administration (+6,100 or +2.2%). In total, there were 1.1 million employees across all levels of public administration.

The fourth largest increase in employment in 2016 was in educational services (+20,000 or +1.6%). More than half of this increase was in universities (+11,500 or 4.0%), with smaller increases spread across elementary and secondary schools as well as community colleges and CEGEPS. Educational services employed a total of 1.3 million employees in 2016.

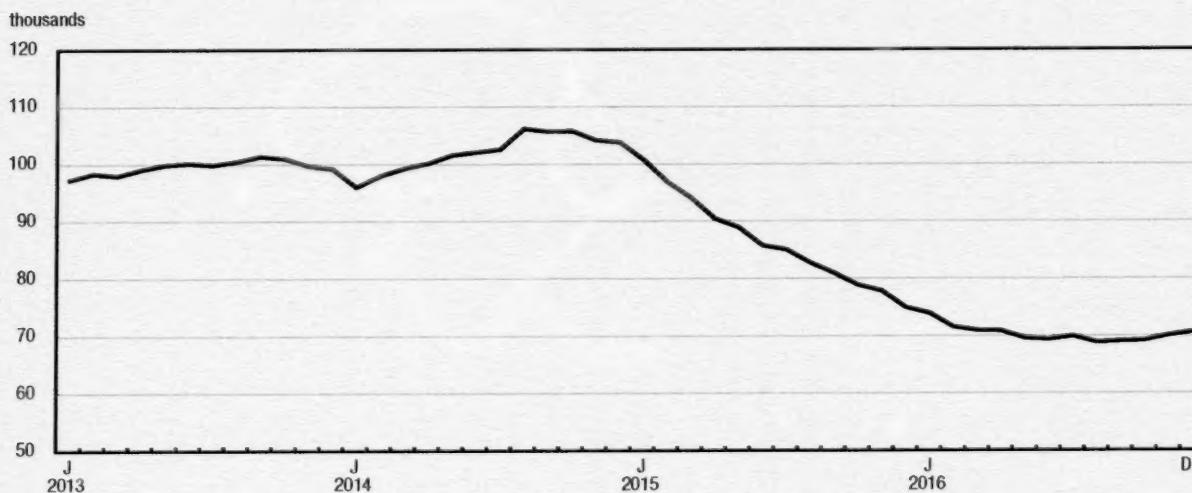
Notable employment declines in mining, quarrying and oil and gas extraction

Several sectors had employment declines in 2016, with the largest in mining, quarrying and oil and gas extraction, manufacturing, as well as 'other services' and wholesale trade.

In 2016, employment in mining, quarrying and oil and gas extraction fell for the second consecutive year, down 22,000 (-10.4%). The bulk of the decrease was in support activities for mining, and oil and gas extraction (-16,100 or -18.6%). Employment in this industry had been on a downward trend from the fall of 2014 to the spring of 2016, with losses concentrated mostly in Alberta.¹³

Chart 5

Payroll employment in support activities for mining and oil and gas extraction, January 2013 to December 2016

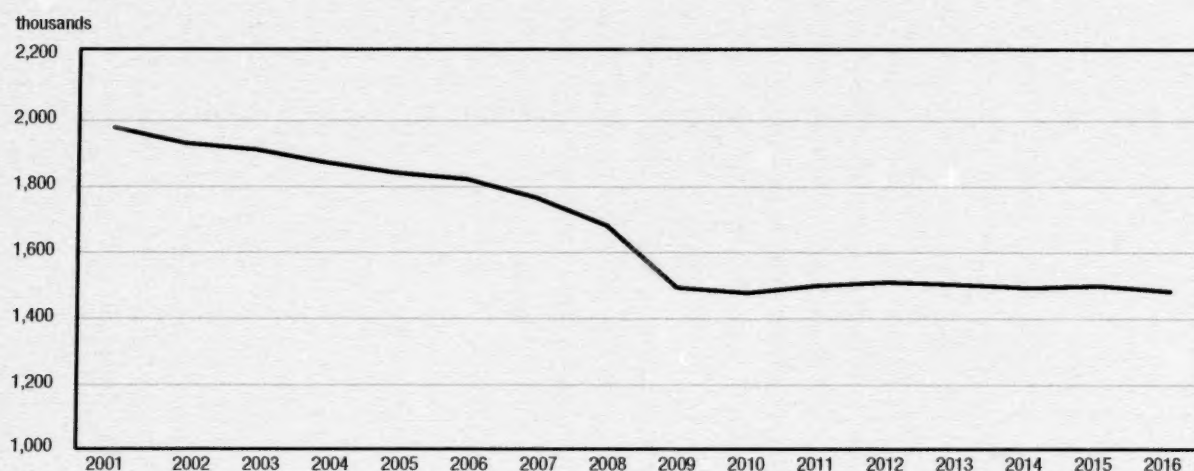


Source: Statistics Canada, Survey of Employment, Payrolls and Hours, CANSIM table 281-0047.

Manufacturing had 16,900 (-1.1%) fewer payroll employees in 2016. Losses were spread across most sub-sectors, led by machinery manufacturing (-5,100 or -3.9%). Employment in manufacturing has been virtually unchanged since the 2008-2009 recession.

13. Survey of Employment, Payrolls and Hours (SEPH), employment by type of employee and detailed North American Industry Classification System (NAICS), unadjusted for seasonality, monthly (CANSIM table 281-0023).

Chart 6
Payroll employment in manufacturing, 2001 to 2016



Source: Statistics Canada, Survey of Employment, Payrolls and Hours, CANSIM table 281-0024.

There were also payroll employment declines in the 'other services' sector, down 10,400 or 1.9% in 2016, following little change the previous year. The largest declines were in civic and social organizations (-7,300 or -9.0%).

Following five years of increases, payroll employment in wholesale trade decreased 9,000 or 1.1% in 2016. Among the sub-sectors, machinery, equipment and supplies wholesalers recorded the largest losses, down 7,900 or 3.7%. Specifically, construction, forestry, mining, and industrial machinery, equipment and supplies wholesalers (-3,900 or -4.9%) and computer and communications equipment and supplies wholesalers (-2,900 or -5.6%) posted the largest declines.

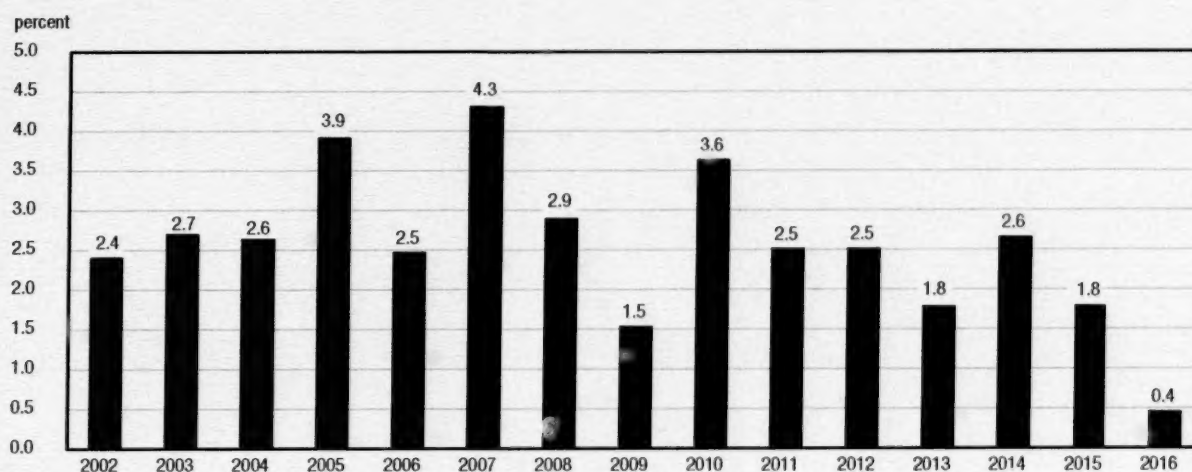
Average weekly earnings growth slowed in 2016

Average weekly earnings rose 0.4% to \$956 in 2016, the slowest rate of annual earnings growth since comparable data became available in 2001.¹⁴ This follows an annual increase of 1.8% in 2015 and 2.6% in 2014. In 2016, the annual rate of consumer inflation was 1.4%.¹⁵

14. Survey of Employment, Payrolls and Hours (SEPH), average weekly earnings by type of employee, overtime status and detailed North American Industry Classification System (NAICS), annual (CANSIM table 281-0027).

15. Consumer Price Index, annual (2002=100), 1914 to 2016 (CANSIM table 326-0021).

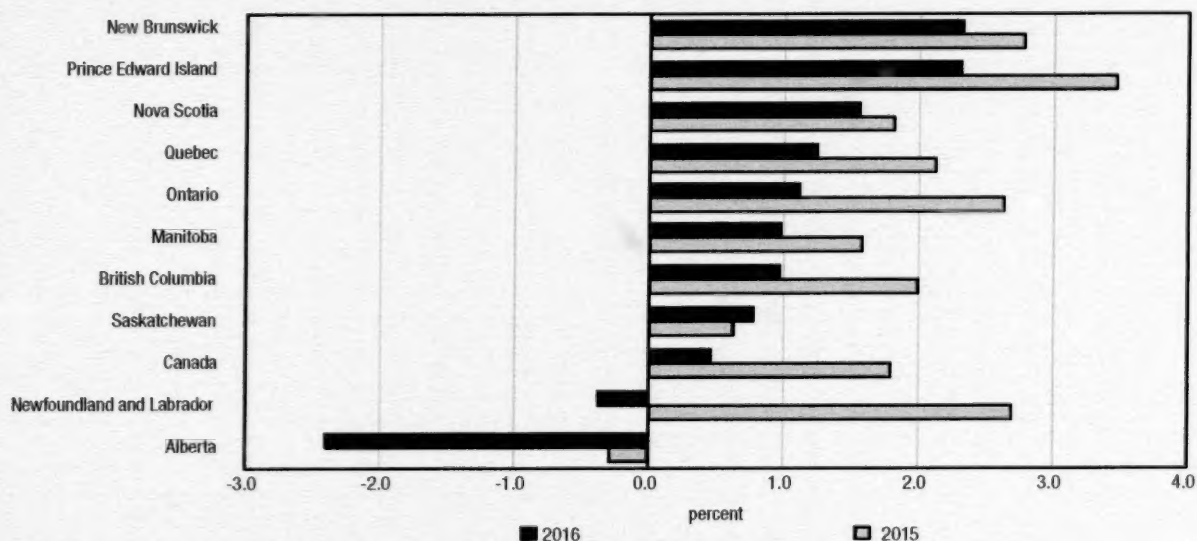
Chart 7
Annual growth rate of average weekly earnings, 2002 to 2016



Source: Statistics Canada, Survey of Employment, Payrolls and Hours, CANSIM table 281-0027.

Although average weekly earnings increased in most provinces in 2016, the rate of growth was lower than 2015 in virtually every province. In Ontario, average weekly earnings rose 1.1% in 2016, down from 2.6% in 2015. The largest decline was in Alberta, where earnings fell 2.4% in 2016, after edging down 0.3% in 2015.

Chart 8
Annual growth rate of average weekly earnings by province, 2015 and 2016



Source: Statistics Canada, Survey of Employment, Payrolls and Hours, CANSIM table 281-0027.

The slower pace of earnings growth in 2016 was partly due to changes in the composition of employment by sectors. Employment increases in relatively low-earning sectors, such as accommodation and food services, had a negative effect on the overall average weekly earnings. At the same time, there were fewer payroll jobs in the high-earning mining, quarrying, and oil and gas extraction sector. Declines in earnings across several sectors such as professional, scientific and technical services, also dampened earnings growth.

Changes in labour market conditions in Alberta had a sizeable impact on earnings growth at the Canada level, as declining oil prices affected Alberta's labour market starting at the end of 2014 and continued into 2016. This had a negative influence on earnings growth because of large payroll employment declines across virtually all sectors in this province, with the largest impact in high-earning sectors related to energy, such as mining, quarrying, and oil and gas extraction. While average weekly earnings in Alberta remained the highest among the provinces at \$1,119, they declined 2.4% in 2016.¹⁶

Hours decline for employees paid by the hour

Average hours among hourly paid employees—which represents about 60% of non-farm payroll employment—have trended downward since the start of the year. Among that group, average weekly hours declined from 30.5 hours per week in 2015 to 30.2 hours per week in 2016.¹⁷ The largest declines were in mining, quarrying, and oil and gas extraction, wholesale trade as well as health care and social assistance.

For salaried employees, the regular work week was little changed in 2016, at 37.0 hours per week on average.¹⁸ The regular work week for salaried employees has been hovering around that level since 2009.

Fastest employment growth rate in British Columbia and Ontario

The growth in payroll employment was concentrated in the three largest provinces—British Columbia, Ontario, and Quebec—while there were notable declines in Alberta and Saskatchewan.

Of all the provinces, British Columbia had the highest rate of payroll employment growth in 2016 at 3.0%, or 62,000 more payroll jobs.¹⁹ This is the fastest rate of growth for the province since 2007. The largest increase in British Columbia was in the professional, scientific and technical services sector, specifically in computer systems design and related services. There were also increases in accommodation and food services, health care and social assistance, as well as educational services.

More people in the economic region (ER) of Lower Mainland–Southwest—which includes Vancouver—were employed, while employment in the rest of the province was relatively unchanged.²⁰

The unemployment rate in British Columbia was the lowest among the provinces, at 6.0%.²¹ This is the lowest unemployment rate for British Columbia since 2008, when it was 4.6%.

16. For more information about the effect of compositional changes in Alberta's labour market, and their impact on earnings growth at the national level between 2015 and 2016, see "The Impact of Lower Earnings in Alberta on Earnings Growth at the National Level," available as a part of the *Economic Insights* series (11-626-X).

17. Survey of Employment, Payrolls and Hours (SEPH), average weekly hours for employees paid by the hours, by overtime status and detailed North American Industry Classification (NAICS), annual (CANSIM table 281-0033).

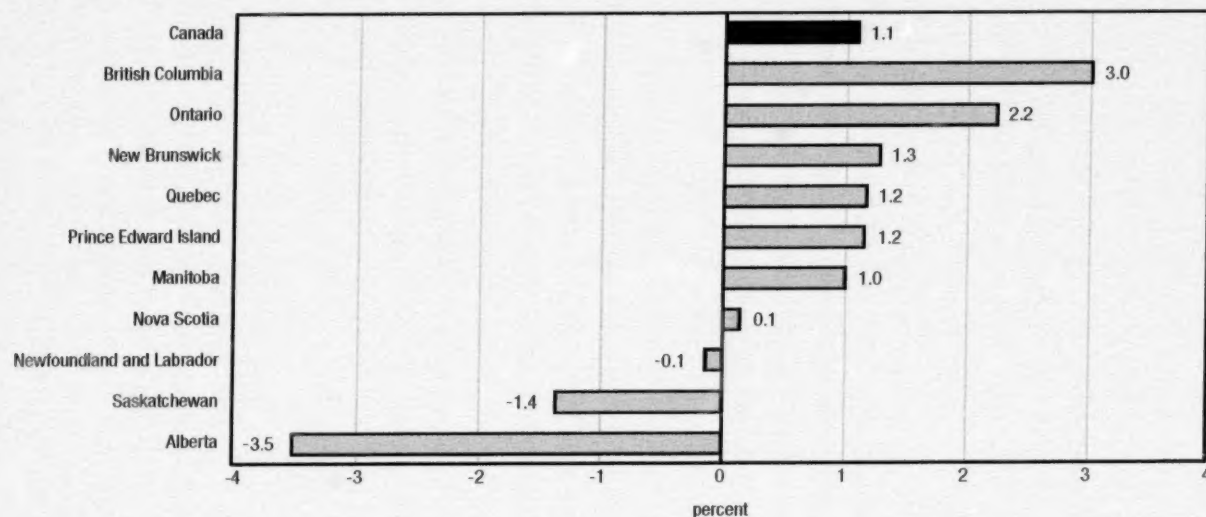
18. Survey of Employment, Payrolls and Hours (SEPH), standard work week for salaried employees, by detailed North American Industry Classification System (NAICS), annual (CANSIM table 281-0038).

19. Survey of Employment, Payrolls and Hours (SEPH), employment by type of employee and detailed North American Industry Classification System (NAICS), annual (CANSIM table 281-0024).

20. Labour force survey estimates (LFS), by provinces, territories and economic regions based on 2011 Census boundaries, annual (CANSIM table 282-0123).

21. Labour force survey estimates (LFS), by sex and detailed age group, annual (CANSIM table 282-0002).

Chart 9
Payroll employment growth rate by province, 2016



Source: Statistics Canada, Survey of Employment, Payrolls and Hours, CANSIM table 281-0024.

Ontario gained the largest number of payroll jobs

Payroll employment in Ontario rose by 134,500 or 2.2% in 2016, at twice the national average growth rate of 1.1%.²² This is a similar growth rate to that observed in 2015. Employment growth in Ontario was spread across most sectors, led by health care and social assistance (+29,200 or +4.4%), as well as accommodation and food services (+18,900 or +4.2%).

Employment in Ontario increased mostly among people living in the ER of Toronto, and to a lesser degree, the Kingston–Pembroke area.²³

The unemployment rate in Ontario was 6.5% in 2016. It has been on a downward trend from a peak of 9.1% in 2009 during the recession, and in 2016, was similar to the average rate observed in the decade prior to the recession.²⁴

Quebec unemployment rate at record low

In Quebec, the number of payroll employees also increased notably, rising 40,500 or 1.2% in 2016.²⁵ Gains were spread across several sectors, with the largest increases in accommodation and food services (+7,500 or +3.1%), administrative and support services (+7,300 or +4.6%), as well as health care and social assistance (+5,600 or +1.3%).

In Quebec, virtually all of the increase was among people living in the Montréal region.²⁶

The unemployment rate in Quebec declined 0.5 percentage points to 7.1% in 2016, the lowest on record for the province since comparable data from the LFS became available in 1976.²⁷

22. Survey of Employment, Payrolls and Hours (SEPH), employment by type of employee and detailed North American Industry Classification System (NAICS), annual (CANSIM table 281-0024).

23. Labour force survey estimates (LFS), by provinces, territories and economic regions based on 2011 Census boundaries, annual (CANSIM table 282-0123).

24. Labour force survey estimates (LFS), by sex and detailed age group, annual (CANSIM table 282-0002).

25. Survey of Employment, Payrolls and Hours (SEPH), employment by type of employee and detailed North American Industry Classification System (NAICS), annual (CANSIM table 281-0024).

26. Labour force survey estimates (LFS), by provinces, territories and economic regions based on 2011 Census boundaries, annual (CANSIM table 282-0123).

27. Labour force survey estimates (LFS), by sex and detailed age group, annual (CANSIM table 282-0002).

Fewer Employment Insurance beneficiaries in Quebec and Ontario

Quebec and Ontario were the only provinces to record a decrease in regular Employment Insurance (EI) beneficiaries in 2016.

In 2016, the number of EI beneficiaries in Quebec decreased 6.0% from the previous year, reaching the lowest number of beneficiaries on record.

In Ontario, the number of those receiving EI benefits declined by 8,900, nearing the levels seen before the 2008-2009 recession.

At the national level, the number of EI beneficiaries increased by 26,800 or 5.0%.

Changes to EI policy in July 2016

The continuity of the data series for regular EI beneficiaries and claims was affected by legislative changes to the EI program that came into effect in July 2016. Most notably, for claimants newly entering the workforce ('new entrants') or returning after an absence of two or more years ('re-entrants'), EI eligibility requirements for hours of insurable employment were reduced.

Eligible claimants located in 15 regions experiencing significant increases in the rate of unemployment received additional weeks of regular benefits. The 15 affected regions are Newfoundland and Labrador (excluding St. John's), Northern Ontario, Sudbury, Northern Manitoba, Southern Saskatchewan, Northern Saskatchewan, Saskatoon, Southern Alberta, Northern Alberta, Calgary, Edmonton, Southern Interior British Columbia, Northern British Columbia, Whitehorse and Nunavut.

In July, the number of EI beneficiaries in Canada increased by 5.2% over the previous month—the largest monthly increase since March 2009. The number of EI claims in Canada also increased by 30.5% in July, as compared to June. According to Employment and Social Development Canada, the total number of claims received in July included approximately 87,000 one-time, automatic renewals related to changes to EI regulations.

More information on the 2016 EI changes is available on Employment and Social Development Canada's website.

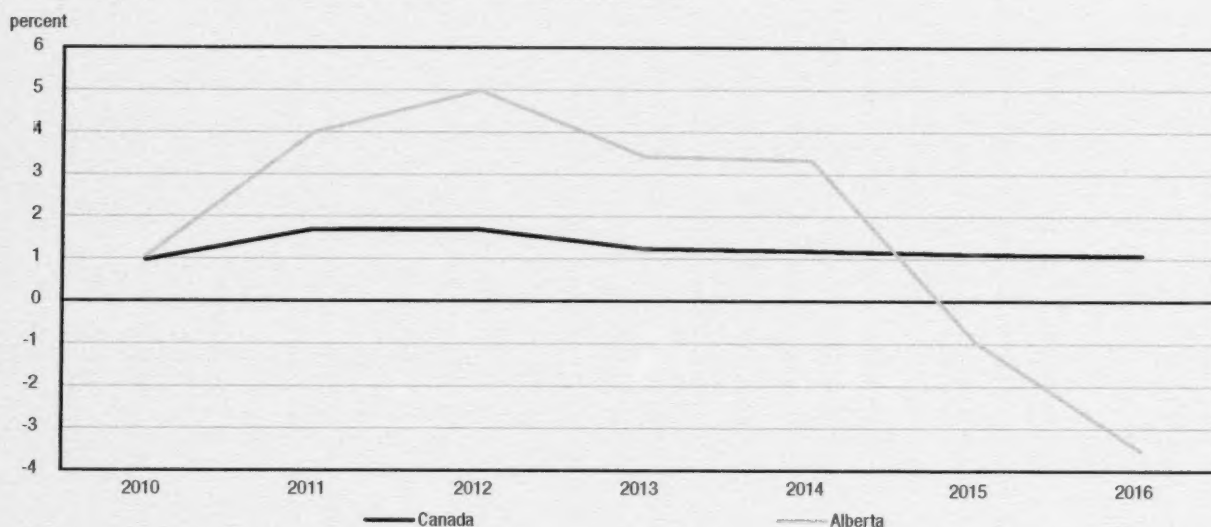
Source: Statistics Canada, 2017. "Employment Insurance, December 2016." *The Daily*, February 2017. <http://www.statcan.gc.ca/daily-quotidien/170216/dq170216a-eng.htm>.

Alberta employment losses continued in 2016

The labour market in Alberta continued to deteriorate in 2016, as observed across a number of indicators. The number of payroll employees in Alberta fell for the second year, down 71,800 (-3.5%) in 2016.²⁸ This follows a decline of 19,900 (-1.0%) observed in 2015. These declines are in contrast to the high rate of growth observed in Alberta between 2010 and 2014, when annual payroll employment growth averaged 3.4%. The employment decline in 2016 was also greater than that observed during the 2008-2009 recession.

28. Survey of Employment, Payrolls and Hours (SEPH), employment by type of employee and detailed North American Industry Classification System (NAICS), annual (CANSIM table 281-0024).

Chart 10
Payroll employment growth rate in Alberta and Canada, 2010 to 2016



Source: Statistics Canada, Survey of Employment, Payrolls and Hours, CANSIM table 281-0024.

Most of the employment losses were in the goods-producing sectors; the mining, quarrying, and oil and gas extraction sector had the largest declines, losing a quarter of its payroll employees since 2014. These losses were 17,800 (-15.2%) in 2016, following a decline of 15,900 (-11.9%) in 2015. Other goods-producing industries had notable declines; namely: utility systems construction as well as machinery manufacturing in both 2015 and 2016.

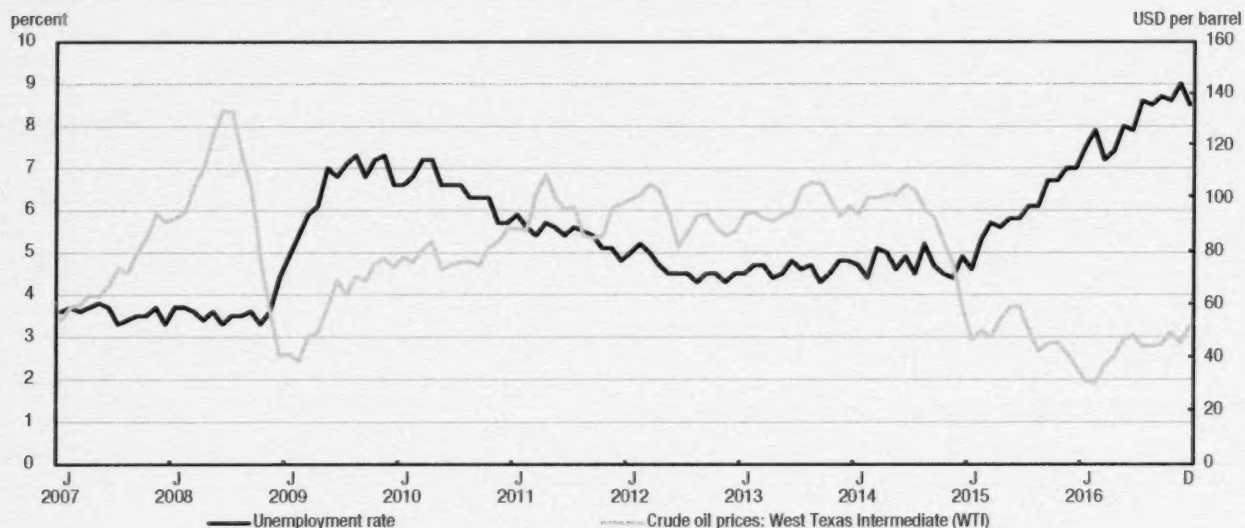
Most services-producing sectors in Alberta also had declines in 2016, with the largest in professional, scientific and technical services as well as wholesale trade. However, there were increases in health care and social assistance, educational services, as well as in public administration.

Unemployment rate in Alberta reached 20-year high

The unemployment rate in Alberta rose to 9.0% in late 2016, the highest rate for the province in over 20 years.²⁹ The upward trend in the unemployment rate began in 2014 and coincides with a sharp decline in oil prices.

29. Labour force survey estimates (LFS), by sex and age group, seasonally adjusted and unadjusted, monthly (CANSIM table 282-0087).

Chart 11
Unemployment rate in Alberta vs. crude oil prices, January 2007 to December 2016



Sources: Statistics Canada, Labour Force Survey, CANSIM table 282-0087 and the U.S. Energy Information Administration.

The unemployment rate in Alberta increased for all demographic groups in 2016. On an annual average basis, the unemployment rate for men increased 4.4 percentage points to 8.9% from 2014 to 2016, while it increased 2.4 percentage points to 7.3% for women.³⁰

Supplementary measures of unemployment shed further light on the under-utilization of labour. The most comprehensive supplementary rate (R8) includes not only those searching for work, but also discouraged searchers, the under-utilized portion of involuntary part-timers, as well as those waiting for recall, and with long-term future starts. In 2016, the R8 in Alberta increased by 2.9 percentage points to 11.1%.³¹ This increase was mostly attributable to an increase in the number of people working part-time involuntarily in the province. This means that not only were more people searching for work, but more people were working part-time jobs despite wanting full-time work. The R8 rate in 2016 was notably higher than the low of 4.9% observed in 2007, and is the highest rate observed since comparable data became available in 1997.

Wildfires in northern Alberta affected hours and Employment Insurance beneficiaries

As a result of the wildfires that affected northern Alberta in May and the subsequent mandatory evacuation of residents from the Fort McMurray area, some employed people living in Alberta lost work hours, while others put in extra hours during May and June. In the Fort McMurray area, 8.5 million hours were lost over the two-month period, while 870,000 additional hours were worked. The net effect was a loss of 7.6 million hours. In the rest of Alberta, the overall effect of the wildfires on work hours was a loss of 2.2 million hours in May and a loss of 700,000 hours in June.³²

The wildfires also had a notable effect on the number of regular EI beneficiaries. In May 2016, the province reported the largest monthly increase (+12.6%) in EI beneficiaries since May 2009. One-third (34.3%) of that increase occurred in the census agglomeration of Wood Buffalo, which includes Fort McMurray. In May 2016, Alberta also posted the largest monthly increase in the number of claims in any province since the start of the series in 1997 (+85.2%).³³

30. Labour force survey estimates (LFS), by sex and detailed age group, annual (CANSIM table 282-0002).

31. Labour force survey estimates (LFS), supplementary unemployment rates by sex and age group, annual (CANSIM table 282-0086).

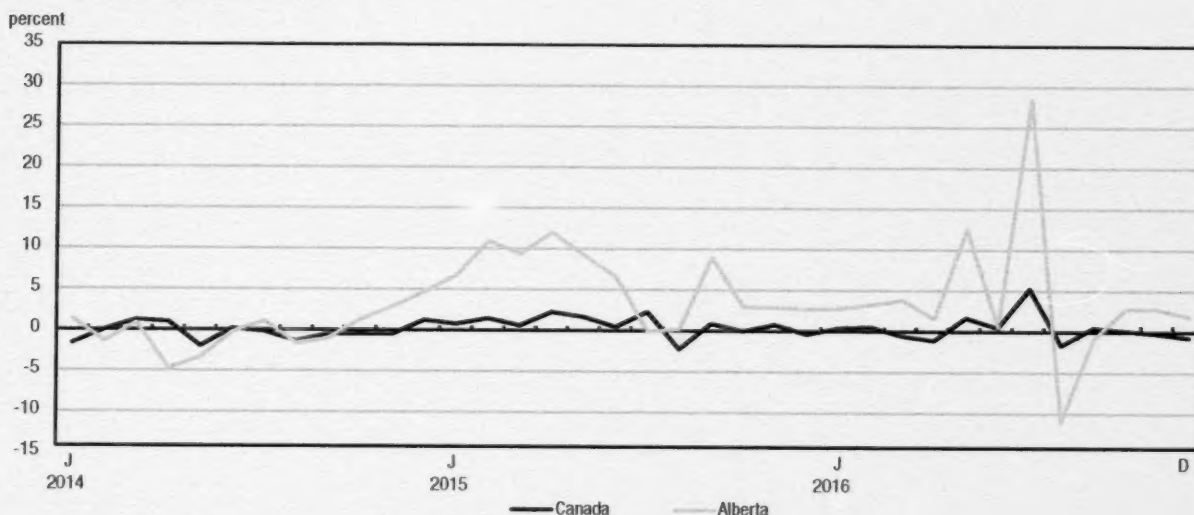
32. For information, see the "Wildfires in northern Alberta: Impact on hours worked, May and June, 2016", released in *The Daily*.

33. Statistics Canada, 2017. "Employment Insurance, December 2016." *The Daily*, February 2017.

Furthermore, in July, the EI policy changes resulted in a second peak in beneficiaries in Alberta in 2016, increasing 28.4%.³⁴

Chart 12

Month-to-month change in regular Employment Insurance beneficiaries, Canada and Alberta, January 2014 to December 2016



Source: Statistics Canada, Employment Insurance Statistics, CANSIM table 276-0022.

Job vacancies increase in three provinces

Job vacancies rose 6.3% from the fourth quarter of 2015 to 375,000 in the fourth quarter of 2016, following little year-over-year change in the third quarter.³⁵ Meanwhile, the job vacancy rate increased 0.1 percentage points to 2.4%.

British Columbia, Quebec and Ontario had more job vacancies between the fourth quarter of 2015 and the fourth quarter of 2016. These provinces also had the largest growth in payroll employment among all the provinces. Meanwhile, the number of job vacancies fell in five provinces and was little changed in New Brunswick and Manitoba.

Job vacancies in British Columbia were up 12,000 (+21.0%) in the fourth quarter compared with the same quarter a year earlier. Over the same period, the job vacancy rate rose 0.5 percentage points to 3.3%.

Since the third quarter of 2015, British Columbia has had the highest job vacancy rate among the provinces. Higher job vacancy rates are often associated with periods of economic growth. Other indicators, such as the employment growth and the unemployment-to-vacancies ratio, point to a strong economy and a tighter labour market for the province. Generally, labour markets are tighter when the number of people looking for work is low relative to the number of job vacancies. Over the same period, the SEPH showed that British Columbia had the strongest employment growth and the lowest unemployment-to-job vacancies ratio among the provinces.^{36, 37}

Job vacancies in Ontario rose by 15,000 (+10.6%) in the fourth quarter compared with the same quarter one year earlier and the job vacancy rate increased from 2.4% to 2.6%. In Quebec, job vacancies rose by 8,600 (+16.2%) in the fourth quarter. The job vacancy rate in the province increased 0.2 percentage points to 1.8%.

34. Ibid.

35. Job Vacancy and Wage Survey (JWVS), job vacancies, job vacancy rate and average offered hourly wage by economic region, unadjusted for seasonality, quarterly (CANSIM table 285-0001).

36. Survey of Employment, Payrolls and Hours (SEPH), employment and average weekly earnings (including overtime) for all employees by North American Industry Classification System (NAICS), seasonally adjusted, monthly (CANSIM table 281-0063).

37. Survey of Employment, Payrolls and Hours (SEPH), job vacancy statistics, unemployed and unemployment-to-job vacancies ratio by North American Industry Classification System (NAICS), 3-month moving average, unadjusted for seasonality, monthly (CANSIM table 284-0003).

The number of job vacancies in Alberta fell by 8,100 (-16.0%) in the fourth quarter compared with the fourth quarter of 2015. At the same time, the job vacancy rate declined from 2.5% to 2.2%. The number of job vacancies and the job vacancy rate in Alberta have been declining on a year-over-year basis since the start of the series. However, the 8,100 job vacancy decline in the fourth quarter was the smallest to date, which may reflect a slowing of this trend. Despite the overall decline in Alberta, job vacancies were up in several sectors, including administrative and support services (+1,100) as well as mining, quarrying, and oil and gas extraction (+500).

Nationally, in the fourth quarter, the number of job vacancies increased in most broad occupational groups on a year-over-year basis, with the largest increase in business, finance and administration occupations (+9,500).³⁸

Conclusion

This article highlights several key developments in the labour market that were observed in 2016.

Overall, most of the employment increases in 2016 were in part-time work, with full-time employment growth dampened by declines in Alberta.

Employment growth was fastest among people aged 55 and older, reflecting the demographic transition of baby boomers entering that age group. At the same time, there was virtually no growth in employment among people aged 25 to 54 and youth aged 15 to 24.

Payroll employment grew mostly in services-producing sectors, while it declined in goods-producing sectors. The largest growth in payroll jobs was in health care and social assistance, a sector where employment has trended up over the past decade.

British Columbia had the fastest employment growth among the provinces, while the employment growth in Ontario and Quebec also outpaced the national average.

In Alberta, there were widespread employment and earnings declines across most sectors, and the unemployment rate for the province reached a 20-year high, coinciding with declines in oil prices that started in 2014.

In 2016, the growth rate for average weekly earnings was the lowest observed using comparable data going back to 2001, subdued partly by changes in the composition of employment by sectors. Employment increases in relatively low-earning sectors had a negative effect on the overall average weekly earnings, while declines across a number of high-earning sectors dampened earnings growth.

Data sources and methods

The Labour Force Survey (LFS), a monthly survey of 56,000 households, is used for characteristics of total employment (both employees and self-employed), as well as unemployment rates, reason for part-time employment, multiple jobholders, and economic region data.

The Survey of Employment, Payrolls and Hours (SEPH), a monthly census of payroll remittance from the Canada Revenue Agency (CRA) combined with the Business Payroll Survey is used exclusively for employees-only by province, sector and detailed industry. It is also used for average weekly earnings.

The Job Vacancy and Wage Survey (JVWS) is a quarterly survey that provides comprehensive information on job vacancies by industrial sector, detailed occupation and skill level sought for Canada, the provinces, territories and economic regions.

Employment Insurance (EI) statistics are produced from administrative data sources provided by Service Canada and Employment and Social Development Canada.

38. Job Vacancy and Wage Survey (JVWS), job vacancies and average offered hourly wage by economic region and detailed National Occupational Classification (NOC), unadjusted for seasonality, quarterly (CANSIM table 285-0003).